

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room 110, West Office Building, State Capitol Complex
January 22, 2007

MEMBERS PRESENT: Sen. Jon Greiner, Co-Chairman
Rep. Michael Morley, Co-Chairman
Sen. Mark Madsen
Sen. Wayne Niederhauser
Rep. Sylvia Andersen
Rep. Jim Dunnigan
Rep. Craig Frank
Rep. Lynn Hemingway
Rep. Mark Wheatley
Rep. Larry Wiley

MEMBERS ABSENT: Sen. Ed Mayne

STAFF PRESENT: Stan Eckersley, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors lists will be filed with committee minutes.

Co Chair Sen. Greiner called the meeting to order at 2:07 p.m.

MOTION: Rep. Hemingway moved to approve the minutes of January 18, 2007. The motion passed unanimously. Sen. Madsen, Sen. Niederhauser, Rep. Dunnigan and Rep Frank were absent for the vote.

Alcoholic Beverage Control

Stan Eckersley, Fiscal Analyst, presented an overview of the Alcoholic Beverage Control budget request.

The Analyst explained EASY (Eliminate Alcohol Sales to Youth) Program, a TV, radio, and print media campaign designed to reduce underage drinking. The Analyst recommended \$1,600,000 from the ongoing Liquor Control Fund to keep the program going.

The Analyst explained the process involved in getting new buildings for ABC. A request for a new building goes through the State Building Board to the Governor and Legislature. Funding for their buildings comes from revenue bonds. The Analyst recommended \$640,000 from Liquor Control Funds for bonding. The Analyst recommends 12 Full Time Equivalent employees to staff three new stores at the cost of \$448,700 from the Liquor Control Fund. The Analyst also recommends funding assessed costs of \$229,900 from the Liquor Control Fund for operating and maintenance costs for the buildings once operational.

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The Analyst described Package Agencies as agencies located in communities too small to warrant a state store and in resorts and hotels for the benefit of guests. They are operated by private individuals or corporate entities under contract with the state for the purpose of selling packaged liquor. The Analyst recommends \$146,500 from Liquor Control Funds to pay for cost of moving nine of the 30 type 3 packaging stores into a new category of compensation.

The Analyst recommends the funding of Cost of Living Increase for Package Agencies equal to the percent increase given to state employees times \$16,300.

The Analyst recommends the replacement of two computer servers at the cost of \$295,000 from the Liquor Control Fund in FY 2007.

Ken Wynn, Executive Director of Alcoholic Beverage Control thanked the Analyst for his budget recommendations. He reported they are still trying to get a piece of property in the St George area for a new store and construction is to begin on the Riverton store in February.

Larry Lunt, Alcoholic Beverage Commission, and Leonard Langford, Director of Finance, responded to questions from the committee.

MOTION: Rep. Frank moved to accept the budget recommendations of the Analyst. The motion passed unanimously.

Insurance Department

The Analyst explained that the Insurance Department protects the public by regulating insurance companies and individual agents to assure equitable and competitive business practices.

The Analyst said the Insurance Department is required by law to examine all domestic insurance companies at least once every five years. The team of examiners consists of a supervisor with a staff of five. This team is stretched to the point that the Department is contracting with outside providers to get the job done in a timely fashion. The Analyst recommends \$243,400 in ongoing General Fund for three additional financial examiners. The costs of these examiners is billed to the companies they examine at 1.5 times salaries. Those revenues are then paid back into the General Fund.

The Analyst recommends \$91,200 in Dedicated Credits to add another investigator to keep up with the workload in fraud investigations. In past ten years the number of referrals for investigation has tripled, the number of investigations completed has increased ten fold as has the number of felonies charged.

The Analyst explained the Health Insurance Pool of Utah (HIP~~Utah~~) provides access to health insurance coverage for the uninsurable. The Legislature subsidizes insurance for high cost customers. On going funding is at \$10,000,000. The Analyst recommends an additional \$1,000,000 in ongoing General Fund to build a 6 month reserve to cover costs when the

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economy is not doing well.

Kent Michie, Commissioner of Insurance, requested additional financial examiners, cost of living increases for employees and a request for a Bill to be sponsored by Rep. Dunnigan for ongoing funding of the Insurance Department.

Mickey Braun, Utah Insurance Department, discussed the need for state insurance examiners.

Stephen M. Sill, Security National Life Insurance Company, and Craig Moody, Security National Life Insurance Board of Director expressed their support of hiring state financial examiners.

Tomi Ossana, Executive Director *HIPUtah*, provided a handout and presented a slide presentation.

MOTION: Rep Dunnigan moved to accept Analyst recommendations with the following changes: Two Captive Insurance Adjusters at the cost of \$162,300 from Dedicated Credits and \$1,100,000 instead of \$1,000,000 to the HIP program. The motion passed unanimously.

MOTION: Rep. Morley moved to adjourn. The motion passed unanimously, Sen. Greiner adjourned the meeting at 4:00 p.m.

Sen. Jon Greiner, Co-Chair

Rep. Michael Morley, Co-Chair